



March 19, 2009

Honorable Mayor and Members of the City Council:

The City has completed all but two of the action items from the Missouri State Auditor's Report dated December 2007. As you may recall, there were 53 recommendations made by the State Auditor, and these have been addressed as stated on the enclosed State Audit Action Plans report. The improvements made are included in this report as "Action Taken" under each description of the State Auditor's recommendation.

The only two items that require further follow-up action are the recommendations related to the economic development policy on incentives offered to developers and improving the funding status of the Police and Fire Pension Fund. The City is in the process of developing a comprehensive economic development policy, and as you all know, the City continues to explore ways to improve the funding status of the Police and Fire Pension Fund.

We will discuss the report during the Council luncheon on March 24, 2009. If you have any questions before this time, please contact me at alathrom@springfieldmo.gov or by phone at 417-864-1185.

Respectfully,

A handwritten signature in black ink that reads "April McHaffie Lathrom".

April McHaffie Lathrom, CPA
Internal Auditor

Enclosure

c: Greg Burris, City Manager
Evelyn Honea, Deputy City Manager
Collin Quigley, Assistant City Manager

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| Action Item #1 | State Audit Reference | Action Item / Improvement Made | Person Responsible | Status | Expected Completion Date |
|----------------|-----------------------|--|--|---------------------------|--------------------------|
| 1 | 1 | <u>Management of City Resources</u> | | | |
| | | <i>Recommendation:</i> | | | |
| | | City Council to provide the necessary oversight to ensure city funds are managed appropriately, including having a clear financial plan on how to fund all city obligations. Additionally, the City Council should implement the various recommendations through the report to help improve the management of city operations. | City Manager's Office | <i>Completed</i> | |
| | | <i>Action Taken:</i> | | | |
| | | City obligations will be fully considered during the budgetary process and the city will develop a financial plan for funding those obligations. | | | |
| 2 | 2 | <u>Downtown Development</u> | | | |
| | | <i>Recommendation:</i> | | | |
| | | City Council should refrain from pledging taxpayer funds to assist developers in obtaining financing for projects. In addition, proposals should be solicited for services provided by developers, and agreements should be clear with regard to the use of restricted city funds. Further, City Council should review future development projects to limit the city's financial exposure. | Director of Economic Development, Mary Lilly Smith | <i>In Progress</i> | 2009 |
| | | <i>Action Taken:</i> | | | |
| | | A comprehensive economic development policy is being developed. The policy will address the circumstances under which certain incentives should be used, including types of projects and targeted areas, process and public notice provisions, and will include a review of the existing fee schedule. The policy will be used to evaluate private developer requests for public assistance. | | | |

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| | | The city is currently working with the Chamber of Commerce and the Springfield Business and Development Corporation to provide a SWOT (strengths, weaknesses, opportunities, and threats) analysis of the Springfield market from a site locator perspective. This analysis will be used to help evaluate and enhance the policy. The SWOT analysis is expected to be completed in 2009. | | | |
| 3 | 3 <u>Capital Projects</u> | Recommendation: | | | |
| | | A. Review the financial operations of these two facilities (Jordan Valley Ice Park and Car Park) and determine the appropriate course of action to minimize the amount of city subsidies required for the debt service payments and operating expenses. | City Manager's Office | Completed | |
| | | Action Taken: | | | |
| | | The Car Park has been sold to a private investor thus eliminating the need to subsidize the debt service payments and operating expenses after the sale. Future projects of a non-self-supporting nature such as the Ice Park will be evaluated in terms of risk that may be placed upon the City's general fund and approved only after assurance that there is broad community support for the project as there was for the ice sports. The city will also continue to partner with private organizations to help fund non-self-supporting activities, such as the recent partnership with Mediacom and the Ice Park. | | | |
| 4 | | Recommendation: | | | |
| | | B. Determine how the building, furniture, and equipment can be immediately utilized by the City. (Reference is to the L.E. Cox Building – portion allocated to a Police/Fire Training Center). | City Manager's Office | Completed | |
| | | Action Taken: | | | |

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| | | The portion of the L.E. Cox Building that had been dedicated to the Police/Fire Training Center is under contract for sale to the Jordan Valley Community Health Center. The proceeds from the sale will be utilized to replace the bond proceeds that were used to purchase the space in the L.E. Cox Building for the training center. The use of the L.E. Cox Building for the training center became cost prohibitive thus delaying the project until additional funding sources could be identified. This sale actually provides funds that will allow the training center to be built in phases at a different location within the next two years – at least two years sooner than expected. Most of the furniture and equipment purchased from the Federal grant is already being utilized by the current training centers. The portion that is still in storage will be placed in service within the next two years at the completion of the training center. | | | |
| 5 | | Recommendation: | | | |
| | | C. Develop a plan to fund the repayment of the bonds associated with the crime lab. | City Manager's Office | Completed | |
| | | Action Taken: | | | |
| | | The bonds referred to in this recommendation are the bank loans of \$2.7 million made by several local banks to the City to assist with financing of the construction of the state crime lab at a low-interest rate. The loan is structured as interest only for five years with a balloon payment due at the end of the five year term. The City and Greene County have agreed to share the costs equally. | | | |

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| | | The 2008-2009 budget included a reserve of \$500,000 to assure funding for this obligation is available when it becomes due. The City Manager plans to include similar reserve requests in future budget proposals until the obligation is fully funded. The loans were negotiated and approved by City Council with the full understanding that revenues from the General Fund may be the sole source of funding. Without this loan, the much-needed, full-service Crime Lab would not be available today. | | | |
| 6 | | Recommendation: D. Document the cost and benefits associated with test projects along with why certain streets are selected for such improvements. Also, ensure street improvement monies are used in the most efficient and effective manner possible. | Director of Public Works, Marc Thornsberry | Completed | |
| | | Action Taken: To ensure that the City continues to use street maintenance funds in the most efficient and effective manner Public Works will conduct a benefit/cost analysis for all future street paving demonstration (pilot and/or test) projects prior to advancing an alternative paving method (i.e. concrete pavers). This analysis will consider initial cost, maintenance costs, rehabilitation costs and user costs. The guiding principles of this analysis will also consider 1) speed of construction to minimize interference with businesses, 2) maintenance of vehicular and pedestrian accesses during construction, 3) aesthetic and historic values, and 4) economic/revitalization values. The Internal Auditor will request and review such documentation from time to time to determine that this recommendation is fully implemented | | | |
| 7 | | Recommendation: | | | |

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| | | E. Review with legal counsel the ballot language used for extending the general revenue tax levy to ensure the language provides voters with a clear sunset date. | City Attorney, Dan Wichmer | <i>Completed</i> | |
| | | <i>Action Taken:</i> | | | |
| | | The City will review the phrasing of future ballot language to ensure the language provides voters with a clear sunset date when applicable. | | | |
| | | | | | |
| 8 | 4 <u><i>Employee Benefits</i></u> | <i>Recommendation:</i> | | | |
| | | A. Continue to evaluate options for changes to the retirement plan, and develop and implement methods to increase the funded percentage of the Police Officers and Firemen's Retirement System (Plan). | City Manager's Office | <i>In progress</i> | |
| | | <i>Action Taken:</i> | | | |
| | | The city is dedicated to improving the funding status of the Police/Fire Pension Fund. For the 2008-2009 fiscal year, City Council cut the annual budget by \$5.2 million to make the recommended contribution to the pension fund. | | | |
| | | On March 9, 2009, City Council approved Council Bill 2009-053 to accept a settlement of \$10.22 million from AT&T Mobility for payment of back taxes owed to Springfield. The Council Bill directs the funding to go to the Police/Fire Pension Fund. The \$10.22 million makes up the contribution, plus interest, that the City did not put into the fund during four fiscal years from 2004-07. During those years, the Council made its contributions at the established level of 28.88 percent, but did not make a higher recommended contribution necessitated by the pension fund's performance. | | | |
| | | Also, the city has established a citizens task force to provide input on proposals to fund the Police/Fire Pension Fund shortfall. The city will continue to study and evaluate the funding issues related to the plan. | | | |
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| | | <i>Recommendation:</i> | | | |
| 9 | | B. Develop a plan to fund the amounts owed for unlimited accrued leave balances. | City Manager's Office | <i>Completed</i> | |
| | | <i>Action Taken:</i> | | | |
| | | Accrued leave balances have been analyzed and the following is applicable to each of the leave types. Vacation accruals were capped in 1995 and those employees who were hired prior to that date are not allowed to have vacation paid out more than the greater of their balances as of January 1, 2006 or 2 times their annual accrual which mirrors the policy for employees hired after 1995. In 1998, City Council eliminated the payout of sick leave balances. Those employees hired prior to that date are capped by merit rule 12.10. Holiday accruals are only permitted for those employees who are in continuous operations, and similar to vacation, these balances are limited for payout at the balances accrued on January 1, 2006 for Police personnel and as of January 1, 2010, the limit will be 2 times the annual accrual for all other employees. Therefore, policies are in place that does provide limitations on the accrual. The budget proposal for 2009-10 will provide a recommendation for a method of funding the accrued leave balances as employees retire or terminate. | | | |
| 10 | | <i>Recommendation:</i> | | | |
| | | C. Continue to work with the LAGERS to ensure contract employees become active members for retirement purposes. | Director of Human Resources, Sheila Maerz | <i>Completed</i> | |
| | | <i>Action Taken:</i> | | | |
| | | Effective July 1, 2007, and prior to the state audit report, all eligible contract employees became active members of LAGERS for retirement purposes. All future contract employees who are eligible for LAGERS will be enrolled | | | |

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| 11 | | Recommendation: D. Continue to develop and implement methods to adequately fund the liabilities of the city's self-insured workers compensation fund. | Director of Finance, Mary Mannix-Decker | Completed | |
| | | Action Taken: Prior to the state audit report, a plan was already established during the 2007-08 budget process to provide additional revenue of approximately \$600,000 to the workers compensation fund through premium increases charged to departments. This will be reviewed annually as part of the budget process until adequate funding levels are achieved. | | | |
| 12 | 5 <u>City Contracts</u> | Recommendation: A. Require city management to obtain and review detailed documentation of the services provided to ensure payments are reasonable and in compliance with contract terms. Further, the need for multiple contract extensions should be evaluated and the reason should be adequately documented. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |
| | | Action taken: Under the direction of the Director of Finance, guidelines and procedures to address this recommendation, and others mentioned later in this document related to contracts, will be developed and distributed to all departments for consistency in how these recommendations are implemented. These guidelines and procedures were developed and approved by city council as part of the Financial Controls Procedures Manual. The Internal Auditor may from time to time review such documentation for compliance with the policy. | | | |
| 13 | | Recommendation: | | | |

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| | | B. Consult with legal counsel concerning the adequacy of documentation related to spousal retirement benefits for the former City Manager. | Director of Human Resources, Sheila Maerz | <i>Completed</i> | |
| | | <i>Action Taken:</i> Forms have been created related to spousal retirement benefits. The former City Manager and his wife have signed the forms. There is little expectation that such a benefit will be administered by the city in the future; but if necessary, the forms are available for such purpose. | | | |
| 14 | 6 | <u>City Loan Programs</u> | | | |
| | | <i>Recommendation:</i> A. Evaluate the policy of allowing loan payments to be deferred for 20 years, and review all loans outstanding for more than 20 years. | Department of Planning and Development | <i>Completed</i> | |
| | | <i>Action Taken:</i> These funds are provided by the Department of Housing and Urban Development (HUD) with the primary objective of assisting low and moderate-income households in obtaining affordable housing. | | | |
| | | Loans deferred for 20 years or longer are only for the purpose of affordable housing. Loans are provided either to low-moderate income homeowners for rehabilitation or to developers who agree to meet the affordable rent schedule provided by HUD. | | | |
| | | Owner-occupied loans are made to low-moderate income households and based on their income a portion or all of the loan may be deferred for as long as the person lives in the house. People are paying as much as they can afford, according to the sliding scale established by HUD. To attempt to make them pay more back would be a financial burden and place their financial position in jeopardy. | | | |

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| | | Renter-occupied loans are made to developers based on a formula whereby they pay as much back as the HUD rent ceiling allows. This is generally 50 percent of the loan. The remainder is deferred for the length of the amortized loan. The length of required affordability depends on the size and type (rehab or new construction) of the loan, but is generally 15 – 20 years. These projects would not be financially feasible if fully amortized; therefore, there is no ability to change this procedure without jeopardizing the program. | | | |
| 15 | | Recommendation: | | | |
| | | A. Ensure the city's loan portfolio is managed to allow adequate revenues to be generated to maintain current loan operations, and review the decision to issue bonds to finance low-interest loans. | Department of Planning and Development | Completed | |
| | | Action Taken: | | | |
| | | The funds are provided by the HUD to serve specific purposes such as assistance to low-moderate income households or to eliminate slum and blighting conditions. The programs produce more than \$1.6 million in revenue currently. These funds, along with the annual grant funds, provide approximately \$4 million in loan funds for the programs. In addition, there are \$1.8 million in HUD Section 108 funds that can be lent. The programs are sustainable at this rate. | | | |

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| | | <p>The bond issued in 2003 was in response to a large demand for downtown redevelopment. Many large projects were primed to be redeveloped and city loan program funds were needed to provide financing gap funds. However, due to the previous demand, there were not sufficient funds to meet the need. With timing being critical, the city decided to issue Land Clearance for Redevelopment bonds to recapitalize the Small Business Development Loan Program in the amount of \$3 million. The bond was secured by specific loans in the portfolio and a 1.5 value/outstanding debt ratio must be maintained. Several key projects were allowed to move forward with these funds and these payments are part of the loan repayment income currently received. The interest rate on the bond is slightly higher (sliding scale over the years between 5 and 6.5 percent) than the 5 percent that the city charges so there is a net loss when interest generated by payments are compared with interest paid. Currently the city pays 5.3 percent on the bond.</p> | | | |
| | | <p>The last year has seen less demand for funds than in the past and there is currently a surplus of funds. An analysis is being conducted to make additional principal payments on the bond to avoid future interest payments. Surplus funds must be balanced with need for the funds, but it appears that the bond may be paid back within five years, which would be nine years early. In any event, the loan funds are solvent and there will continue to be funds to meet the intended needs in the community.</p> | | | |
| | | | | | |
| 16 | | <p>Recommendation:</p> <p>C. Ensure property sold as a result of loan defaults is handled in accordance with city policy, and fees are assessed as established by city policy.</p> | Department of Planning and Development | Completed | |
| | | <p>Action Taken:</p> | | | |

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| | | Currently, properties disposed of as a result of loan default are handled with two overriding principles as outlined in the program rules and regulations: (1) meeting program rules and objectives; and (2) protecting the financial interest of the city. Each instance involving loan workout presents different challenges and requires different solutions. The Loan Committee developed more comprehensive policies for disposing of property obtained as a result of default. | | | |
| 17 | | Recommendation: D. Develop procedures to adequately monitor deferred loan balances. Establishing procedures for an annual review of loan balances should be considered. | Department of Planning and Development | Completed | |
| | | Action Taken: The department has several methods to monitor deferred loan balances. The Loan Committee reviewed these methods and added some monitoring steps that can be incorporated into portfolio management. | | | |
| 18 | | Recommendation: E. Consider implementing policies to limit the amount of loans awarded to the same individual or company. | Department of Planning and Development | Completed | |
| | | Action Taken: | | | |

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| | | The department reviewed this recommendation and believes that a policy to limit the amount of loans awarded to the same individual or company is not workable because of the limited number of individuals and companies that apply for loans due to the complexity and restrictions placed on the loan programs by the federal government. The multiple loans called into question by the audit were generally affordable housing loans for which the city has a first deed of trust funded well below the appraised value. Limiting the multiple loans by any one developer will result in the money being under utilized and will limit the ability to provide affordable housing through this program. | | | |
| 19 | | Recommendation: | | | |
| | | F. Ensure differences in loan account balances reported by the loan software system, the manual records, and the city's general ledger are investigated and explained. | Department of Planning and Development | Completed | |
| | | Action Taken: | | | |
| | | The financial staff of Planning and Development ran both the old and new PD loans software concurrently to identify any differences. The new software appears to be working correctly, but staff is still in the process of reviewing all the data that was converted from the old software. The new software now provides accurate balances, which reconcile with the City's general ledger, for the accounts where the data has been reviewed against the old system. Staff are also reviewing and correcting support data for the accounts, such as, names and addresses. The Internal Auditor will from time to time perform routine and periodic audits to ensure records are in balance. | | | |
| 20 | | Recommendation: | | | |

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| | | | G. Ensure access to specific computer programs/data files is restricted to authorized individuals and implement procedures to monitor adjustments made to loan balances. | Department of Planning and Development | Completed | |
| | | | Action Taken: | | | |
| | | | The new loan software has access controls to restrict access to authorized individuals, and procedures have been implemented to monitor adjustments made to loan balances in the new PD loans software. | | | |
| 21 | 7 | <u>Accounting Controls in City Departments</u> | Recommendation: | | | |
| | | | The City Council ensure adequate controls and records are in place in all city departments to properly account for all monies received. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |
| | | | Action Taken: | | | |
| | | | In November 2007, prior to the release of the state audit report, the City Manager's office directed the Director of Finance to provide a recommendation to address the accounting controls in City Departments. Her recommendation, with which we concurred, was to establish a work group of the financial analysts that are working in all the various departments throughout the city. The objective for the group is to assist in developing and implementing policies and procedures, to discuss accounting issues, and to keep the Director of Finance updated on issues in each department as they relate to the financial resources of the city. The group will also provide assurance on a regular basis that the policies and procedures established are being followed over time. This group developed the Financial Control Procedures manual which was approved by council to address these and other issues. | | | |

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| 22 | 8 <u>City Service Center</u> | Recommendation: The City Council should perform a cost-benefit analysis to determine the most cost-effective method of repairing and maintaining city-owned vehicles, and review the significant differences reported in labor costs at the Parks Department and the city's service center. | City Manager's Office | Completed | |
| | | Action Taken: A cost-benefit analysis was prepared and supports the continued use of the Service Center. The Service Center will continue to routinely benchmark against other cities and the private sector. | | | |
| | | | | | |
| 23 | 9 <u>Vehicle Usage</u> | Recommendation: A. Require complete and detailed mileage records be maintained for all city-owned vehicles and periodically analyze vehicle usage to ensure city-owned vehicles are used efficiently. Additionally, consider establishing a pool of city-owned vehicles to be shared by all departments. | City Manager's Office, Public Works, and Parks | Completed | |
| | | Action Taken: The Public Works Department and Parks Department will provide an annual report of vehicle usage to the City Manager's Office. The report will list all city vehicles and will include the number of miles driven for each vehicle. The City Manager's Office will analyze the reports to ensure vehicles are being used efficiently. | | | |
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| 24 | | Recommendation: | | | |

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| | | B. Ensure city management periodically evaluates and documents the necessity of providing vehicles for commuting purposes to ensure the business purpose is justified. Additionally, an adequate reporting system should be established to ensure personal commuting mileage is reported to the city finance department for inclusion in employee compensation. | Director of Finance, Mary Mannix-Decker | <i>Completed</i> | |
| | | Action Taken: | | | |
| | | The evaluation and documentation to ensure the business purpose for providing vehicles for commuting purposes will be addressed as part of the policies and procedures developed in #23 above. The Finance Department now obtains a list of employees authorized to drive a city vehicle home directly from the City Manager's office. Each employee is notified of his/her responsibility for reporting commuting miles to the Finance Department on a quarterly basis for inclusion in the employee's compensation for tax purposes. The Finance Department will check the reporting against the list provided by the City Manager's office each quarter. | | | |
| 25 | | Recommendation: | | | |
| | | C. Review vehicle allowances and set the allowances to reasonably reflect the actual expenses incurred by the applicable officials and employees. Additionally, city policy should address mileage reimbursement payments to individuals receiving a mileage allowance, and expense reports should include all necessary information before reimbursement is paid. | City Manager's Office | <i>Completed</i> | |
| | | Action Taken: | | | |

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| | | The allowances have been reviewed and are considered a necessary and typical part of the total compensation package for the applicable officials and employees to cover the required use of a personal vehicle for the position. City policy now addresses mileage reimbursement payments to individuals receiving mileage allowance and expense reports are required to include all necessary information before reimbursement is paid. | | | |
| 26 | 10 <i>Hotel/Motel Room Tax</i> | Recommendation: | | | |
| | | A. Consider implementing procedures to periodically examine the books and records of hotels and motels to ensure gross receipts used to calculate room taxes are accurate. | Director of Finance, Mary Mannix-Decker | Completed | |
| | | Action Taken: | | | |
| | | The Licensing Inspectors who work in the field on a daily basis have been assigned hotels and motels to examine their books and records to ensure gross receipts used to calculate and remit room taxes are accurate. | | | |
| 27 | | Recommendation: | | | |
| | | B. Improve the control and accountability over the use of hotel/motel tax monies, ensure the Convention and Visitor's Bureau (CVB) complies with all provisions of the contract, and continue to follow up to ensure all recommendations included in the CPA's report on operations are implemented. | CVB and City Manager's Office | Completed | |
| | | Action Taken: | | | |

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| | | City Council by Council Bill No. 2008-057 approved on March 10, 2008, the use of a separate cash account for the Convention and Visitor's Bureau (CVB) for the purpose of allowing contractors to pay for miscellaneous expenses on short notice. The account limit will not exceed \$10,000 at any time and the necessary account limit will be set monthly in advance by the City's Finance Department and the CVB. The fund will be replenished on a weekly basis through the City's accounts payable process. During that City Council meeting, the Executive Director of the CVB gave a verbal report to City Council on the status of the recommendations contained in the CPA's report on their operations. As of this date, all of the recommendations have been addressed with the exception of a couple which were researched and determined to be non-applicable to the operation of the CVB from a best practices standpoint. | | | |
| 28 | 11 <u>City Purchasing Cards</u> | Recommendation: | | | |
| | | A. Evaluate the reasonableness of purchasing card limits, and provide cards, with appropriate transaction and monthly limits to employees based on past or anticipated purchasing patterns. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |
| | | Action taken: | | | |
| | | The Financial Control Procedures adopted by council address this recommendation. | | | |
| 29 | | Recommendation: | | | |

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| | | B. Ensure all expenditures are necessary and prudent use of public funds. Additionally, a comprehensive policy regarding city-provided food purchases should be developed. This policy should establish specific guidelines regarding proper and allowable expenditures in this area, along with documentation requirements. | Director of Finance, Mary Mannix-Decker, and the City Manager's Office | Completed | |
| | | Action taken: | | | |
| | | The Financial Control Procedures adopted by council address this recommendation. Also, Administrative Memorandum #46 Meals and Refreshment Expenses was developed and approved by city council to establish guidelines for food purchases. | | | |
| 30 | | Recommendation: | | | |
| | | C. Ensure purchasing card statements are thoroughly reviewed to ensure transaction limits are not exceeded. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |
| | | Action Taken: | | | |
| | | The City has policies and procedures in place that require supervisors to approve all transactions that would result in a cardholder exceeding his/her transaction limits. Such circumstances are rare and are related to emergency situations. Split purchases are also very rare but could occur in an emergency situation. However, the policy will be reviewed and any gaps in the policy will be addressed. | | | |
| 31 | | Recommendation: | | | |
| | | D. Require adequate documentation be maintained for all purchasing card transactions. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |

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| | | Action Taken: | | | |
| | | There are currently policies and procedures in place that require adequate documentation for all purchasing card transactions. However, the policy will be reviewed and any gaps in the policy will be addressed. | | | |
| 32 | 12 <u>City Expenditures</u> | Recommendation: | | | |
| | | A. Develop procedures to evaluate the contract with the lobbyist and require detailed documentation of the services provided to ensure payments are reasonable and in compliance with contract terms. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |
| | | Action taken: | | | |
| | | The policy adopted in response to #5 (City Contracts) above will be utilized to ensure that proper procedures are used to evaluate the contract with the lobbyist and to ensure payments are based on documented services and in compliance with contract terms. | | | |
| 33 | | Recommendation: | | | |
| | | B. Ensure adequate planning is performed to reduce the number of change orders, and, if substantial changes are needed, consideration should be given to rebidding the applicable projects. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup | Completed | |
| | | Action Taken: | | | |
| | | The policy adopted in response to #5 (City Contracts) above will be utilized to ensure that proper procedures are used to evaluate the payments made on contracts. | | | |
| | | Recommendation: | | | |

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| 34 | | C. Ensure a contract is in place specifying how funds are to be spent if the city continues to desire to provide funding to the Downtown Springfield CID. | Director of Economic Development, Mary Lilly Smith | Completed | |
| | | Action Taken: The City developed a contract to address this recommendation. It should be noted that payments to the Downtown Springfield CID may be eliminated in the 2009-2010 budget due to budgetary constraints. | | | |
| 35 | | Recommendation: D. Ensure all disbursements of city funds are a necessary and prudent use of public funds. In addition, establish guidelines for travel-related costs to ensure all costs are reasonable. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup; City Manager's Office | Completed | |
| | | Action Taken: The travel policy was updated to address this issue and other issues that need to be reviewed under this policy. Travel guidelines relating to meal allowances and other expenses when traveling were included in the updated policy. | | | |
| 36 | | Recommendation: E. Consider including a requirement in the city's travel policy for employees to compare and document rates of the various vendors. | Director of Finance, Mary Mannix-Decker, with assistance from the Accounting Procedures Workgroup; City Manager's Office | Completed | |
| | | Action Taken: The travel policy was updated to address this issue. | | | |

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| 37 | | <i>Recommendation:</i> F. Periodically review vendor files to ensure duplicate vendors are eliminated. | Director of Finance, Mary Mannix-Decker | <i>Completed</i> | |
| | | <i>Action Taken:</i> The Accounting Division of Finance has completed the review of all vendor files. The department will continue to periodically review the vendor file to ensure all information is correct and eliminate duplicate vendors. | | | |
| 38 | | <i>Recommendation:</i> G. Maintain written agreements for funding and services provided for not-for-profits (NFP). Additionally, city staff time provided to NFPs should be tracked and included in the agreements. | City Manager's Office; Contracts Administrator | <i>Completed</i> | |
| | | <i>Action Taken:</i> The City Manager's Office is working with our Contract Administrator to compile a list of all NFPs with whom we provide funding for services provided. We will determine what contracts are in place for these services and any agency that does not have a contract agreement in place will be provided an agreement to sign by April 1, 2008. In the future, a procedure will be in place to ensure that all contract agreements for NFPs are current and renewed in a timely manner as required. Supervisors will be responsible for tracking applicable staff time in accordance with the terms of the agreement. Due to significant budget cuts in 2009, most of the funding to NFP's may be eliminated. | | | |
| 39 | 13 <u>Springfield-Branson National Airport</u> | <i>Recommendation:</i> | | | |

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| | | A. Ensure the Airport Board's plans for future capital improvement projects are aligned with PFC expiration dates to prevent any lapse in collections. | Director of Aviation, Gary Cyr | <i>Completed</i> | |
| | | <i>Action taken:</i> The Airport Board will collect all PFC authorized amounts up to the maximum collection amounts authorized. As Airport projects meet all the criteria for PFC eligibility, they will be submitted to the Federal Aviation Administration for PFC authorization. Charges under each project will be collected to the point of reaching the maximum amount authorized for each project. | | | |
| <i>40</i> | | <i>Recommendation:</i> | | | |
| | | B. Ensure the Airport Board implements procedures to monitor lease revenues as allowed by lease agreements. Additionally, contracts should be updated as they expire, proposals should be solicited for new vendors as applicable, and the lease agreement with the travel agency should be reviewed for consistency as applicable. Further, any vacant space available for lease by the airport should be marketed to vendors as appropriate. | Director of Aviation, Gary Cyr | <i>Completed</i> | |
| | | <i>Action Taken:</i> The Airport Board is in agreement with this recommendation and will begin requesting independent audit reports to monitor lease revenues as allowed by lease agreements. The Airport Board will follow the recommendations regarding contracts and lease agreements where applicable and appropriate. | | | |
| <i>41</i> | <i>14 Parks Department Procedures</i> | <i>Recommendation:</i> | | | |

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| | | A. Solicit bids for beverage products in accordance with city policy, enter into current contracts with all entities or individuals providing products and services, and properly monitor all purchases. | Director of Parks, Jodie Adams | <i>Completed</i> | |
| | | Action Taken: Parks staff worked with the Purchasing Division to develop a Request for Proposal (RFP) for beverage products and services to be provided for Parks' activities. The RFP covers estimated quantities used for the year by their facilities as well as the equipment, repairs, and delivery services necessary for each facility. All purchases of products are monitored and approved by supervisors of employees who purchase the products. Further review and approval is conducted by the Superintendent of Business Operations. The contract beverage products was finalized in 2008. | | | |
| 42 | | Recommendation: | | | |
| | | B. Evaluate the need for each fuel credit card and cancel any cards which are determined unnecessary. | Director of Parks, Jodie Adams | <i>Completed</i> | |
| | | Action Taken: The annual activity for each user of the Voyager Fuel card has been reviewed and those cards that are not expected to have at least \$200 charged per year are being terminated. Department wide, twenty-seven (27) of the cards have been cancelled to-date. A policy has also been enacted whereby the Superintendent of Business Operations will periodically review the amount of Voyager Card fuel usage per cardholder and notify Parks Management of any concerns regarding card usage. | | | |
| 43 | | Recommendation: | | | |

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| | | C. Reconcile records of fuel usage to fuel purchases and fuel on hand, and investigate any differences. | Director of Parks, Jodie Adams | <i>Completed</i> | |
| | | <i>Action Taken:</i> Parks Operations calibrated the bulk fuel storage tanks and provided measuring devices department wide to allow measuring at time of fuel delivery. A form was implemented whereby the fuel tanks will be measured before and after delivery and the amount of fuel delivered will then be reconciled to the amount used per the Bulk Fuel Log Report. This report will be reviewed and approved by the employee's supervisor as well as sent to Business Operations for review and filing. A formal set of procedures was to have on file and to be provided to employees that are involved in this process. | | | |
| 44 | 15 <u><i>Incentive Payments</i></u> | <i>Recommendation:</i> Review the bonus/incentive payments and clearly document how each payment is determined and in compliance with state law. | City Attorney, Dan Wichmer | <i>Completed</i> | |
| | | <i>Action Taken:</i> The City has received an opinion from the State of Missouri Attorney General's Office that states that the City is in compliance with state law. | | | |
| 45 | 16 <u><i>Controls Over Seized Property</i></u> | <i>Recommendation:</i> A. Ensure procedures are in place to properly account for the handling and disposition of all seized money including adequately documenting all physical inventory counts and reconciling those counts to inventory records. | Chief of Police, Lynn Rowe | <i>Completed</i> | |
| | | <i>Action taken:</i> | | | |

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| | | A new software system has been purchased and implemented that keeps accurate track of the cash held in the evidence safe. Procedures are also in place for documenting all physical inventory counts and reconciling those counts to inventory records on a regular schedule. | | | |
| 46 | | Recommendation: | | | |
| | | B. Ensure adequate documentation is maintained to document the chain of custody and disposal of seized property. Additionally, the appearance of potential conflicts of interest when releasing assets from the seized property room should be considered. | Chief of Police, Lynn Rowe | Completed | |
| | | Action taken: | | | |
| | | The Springfield Police Department's policy on final disposition of property was amended to eliminate the release of personal property from the evidence room to any Springfield Police Department employee or any member of their immediate family unless they were the original owner of the property. | | | |
| 47 | 17 <u>City Policies and Procedures</u> | Recommendation: | | | |
| | | A. Review the current cellular phone policy and ensure each department complies with procedures outlined regarding the monitoring of personal use and reimbursement of city provided cellular phones and perform an assessment of which city positions are in need of cellular phones. In addition, we recommend the city's finance department perform routine and periodic audits to ensure compliance with the city's cellular phone policy. | City Manager's Office | Completed | |
| | | Action Taken: | | | |

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| | | The Administrative Memorandum regarding the use of cellular phones has been updated to address this recommendation and to ensure the policy is in alignment with the city's needs for the use of cellular phones. Departments have also submitted their internal policies to the City Manager's Office regarding the monitoring of personal use and reimbursement of personal calls from city-provided cellular phones. The Internal Auditor will from time to time perform routine and periodic audits to ensure compliance with the city's cellular phone policy. | | | |
| 48 | | Recommendation: | | | |
| | | B. Develop a plan to use neighborhood improvement funds in a timely manner. | Planning and Development | Completed | |
| | | Action taken: | | | |
| | | Neighborhood Conservation staff have been working with the applicable neighborhood associations to develop project plans. Both neighborhoods will have until June 30, 2009 to expend the funds according to the contract with the city. Any funds remaining after this date will be transferred to the school sidewalk program for their respective elementary schools. Letters were mailed to all board members to reiterate the plan for expending the funds. | | | |
| 49 | | Recommendation: | | | |
| | | C. Refrain from giving surplus computer equipment to city employees. | Department of Information Systems | Completed | |
| | | Action Taken: | | | |
| | | The Department of Information Systems no longer offers this program to employees. | | | |

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| 50 | 18 | <u>Internal Audit and Finance Department Procedures</u> | | | | |
| | | <i>Recommendation:</i> | | | | |
| | | A. Consider appointing an internal auditor to conduct audits of city operations and activities that identifies ineffective or inefficient operations and reports directly to the City Council. | | Mayor and City Council | <i>Completed</i> | |
| | | <i>Action Taken:</i> | | | | |
| | | City Council hired an Internal Auditor in August 2008 to conduct audits of city operations. | | | | |
| 51 | | <i>Recommendation:</i> | | | | |
| | | B. Evaluate the appropriate use of internal services funds as recommended in the city's financial statement audit report. | | Director of Finance, Mary Mannix-Decker; City Manager's Office | <i>Completed</i> | |
| | | <i>Action Taken:</i> | | | | |
| | | The use of internal services funds as recommended in the city's financial statement audit report has been evaluated by the Director of Finance in consultation with the City Manager's office. The funds are appropriately used. The issues surrounding the fund balances of those funds have been addressed through rate adjustments and/or a plan for future rate adjustments to ensure sufficient revenues will be available to fund the internal services funds so that they are used appropriately and in accordance with Generally Accepted Accounting Standards (GAAP). | | | | |
| 52 | | <i>Recommendation:</i> | | | | |
| | | C. Routinely investigate any checks remaining outstanding over a specified period of time and any reconciling items that have not been resolved timely. If the payees of old outstanding checks cannot be located, the monies should be disposed of in accordance with applicable state laws. | | Director of Finance, Mary Mannix-Decker | <i>Completed</i> | |

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| | | | <i>Action Taken:</i> | | | |
| | | | Outstanding checks have been investigated and the number of outstanding checks over one year old was reduced to forty as of January 1, 2008. The city does follow and comply with the State Treasurer's requirements for unclaimed property with regard to monies that may remain unclaimed as a result of not locating the payee of an old outstanding check. | | | |
| 53 | 19 | <i>Council and Board Meeting Minutes</i> | <i>Recommendation:</i> | | | |
| | | | The City Council should ensure minutes are maintained for all meetings in accordance with the provisions of Chapter 610, RSMo, and take steps to encourage city boards and committees to prepare and approve minutes in a timely manner. | City Clerk, Brenda Cirtin | <i>Completed</i> | |
| | | | <i>Action Taken:</i> | | | |
| | | | The City Clerk's Office follows state law with respect to the requirements for taking and maintaining official meeting minutes. In the future, the goal will be to have all city boards and committees prepare and approve minutes no later than the second meeting following the date of the meeting for which the minutes have been prepared. | | | |